

PUBLIC TRANSPORTATION FUND CAPITAL IMPROVEMENT PROGRAM

Introduction to Program, Program Goals and Key 2007-2012 Issues

The purpose of the Public Transportation Fund Capital Program is to provide for the ongoing replacement of aging infrastructure and to support service delivery and expansion. A goal is to achieve the optimal set of capital assets in conjunction with service that best satisfy the mission, goals and objectives of the Transit Division. The 2007-2012 Public Transportation Capital Improvement Program (CIP) appropriations are projected to total \$903 million. This is in addition to \$286 million that are currently appropriated for capital projects bringing the program total to \$1.189 billion for 2006-2012. The CIP focuses on maintaining existing infrastructure and systems, providing the physical capacity needed to meet projected service changes and supporting the six-year service plan.

Funding for the program continues to be limited despite the rebound that has occurred in the local economy. Sales tax revenue over the period of the financial plan is slightly higher than projected last year. The continuing need to transfer funds to the operating program, coupled with out year fleet replacement costs, have limited the amount of funding for the current program hindering the ability to add new initiatives and resulting in the need to reduce some lower priority projects. Ongoing contributions from the capital program to the operating program are needed in order to sustain existing service levels and provide for modest service expansion. The currently proposed program is consistent with the adopted six year plan.

During 2007, Transit staff will be working on major operating and passenger facility projects as well as smaller scale bus zone improvements. Base expansion and modification efforts will focus on the design for an expanded Operations Building at the Central Atlantic campus, mechanical and roof renovations at Ryerson Base, as well as improvements to the operator report area. Transit Center expansions and improvements should be substantially completed at both Burien and Redmond by the end of 2007. The Brickyard Park and Ride Expansion and Bellevue Layover projects are anticipated to be in design during 2007.

The bus fleet portion of the CIP has been modified, based on decisions made in the operating program related to the number of service hours that can be supported over the next several years and the type of vehicles needed to provide that service. An early procurement of 20 articulated coaches is anticipated for 2007, which will increase in the total number of articulated coaches. New small, low floor buses will replace the existing 35 transit vans in 2007. The Breda conversion project will continue. These will be the last fleet replacements until 2010 when the current 40-foot Gillig fleet will begin to be replaced. This replacement will be immediately followed by replacement of other fleets that will reach the end of their useful live at this time. From 2010 through 2015, Transit will be replacing approximately 75% of its current bus fleet. 32 Para transit vehicles are planned for purchase in 2007, 14 replacements and 18 for service expansion. 151 vanpool vans will be purchased in 2007, including 40 vans for service expansion that are funded by a state grant. The vanpool van replacements are higher than normal for a year because many vans were not retired and replaced during 2006, so they could remain in service to meet increased customer demands.

In addition to completing construction projects and providing adequate fleet for the system, this CIP includes the implementation of three large 'technology' projects that will significantly impact the environment on the bus. The first of these three systems, Smart Card, will be conducting a

complete system beta test in late 2006, with full system roll out scheduled for 2007. While the Smart Card system is being tested, the On Board System Integration Project (OBS) and the Radio Replacement Project will move forward. Successful implementation of these systems is critical to the transit program. A vendor contract for the replacement radio system was signed in the spring of 2006 and the project is proceeding with design. The proposed budget is adjusted according to reflect a plan not include the ACCESS program in this radio system. This \$4 million budget reduction is offset by a \$2.3 million increase in the Communications Center System budget resulting from final vendor negotiations. Radio site modifications and federal approval for spectrum licensing should be completed in 2007. A vendor contract for the On Board System project should be signed in late 2006 and the project will proceed with design in 2007. An additional \$5 million is requested in this budget based on changes between the earlier engineering estimates and the final vendor costs. Another large information systems project, BOSS Replacement, will be completed in 2007. This replacement project will provide operations and scheduling staff with an updated and integrated application.

The proposed budget includes \$4 million of project cancellations made possible by project costs less than previously anticipated or due to project phase-outs such as the Monorail Capital Coordination project.

This program includes the following new initiatives: a Bus Rapid Transit Initiative which received grant funding in 2006, an On Bus Router which will be partially grant-funded, and Replacement of Mobile Data Terminals in ACCESS vehicles. Information about these and all the other CIP projects can be found in Transit's proposed CIP book.

Project Prioritization Methodology

The capital improvement program funds projects based on the following priorities: 1) maintaining infrastructure and replacing aging fleets; 2) supporting the implementation of the service delivery system adopted in the six year plan; 3) replacing outdated and unsupported information systems; 4) increasing efficiency or productivity that offsets the cost of investment; and 5) forming partnerships with other jurisdictions and businesses throughout the region. The Transit Division annually reviews the CIP to ensure that funding is consistent with the established priorities and that both regional priorities and the requirements of each group in Transit are balanced within funding constraints. These priorities are included in the proposed six-year plan for 2002-2007.

Consistent with these priorities, the largest portion of this program is associated with maintaining infrastructure. Roughly 72% of the total CIP is related to the maintenance and replacement of existing assets, which is an increase from last year. Another 9% of the CIP is related to the expansion of capacity, primarily additional base capacity and vehicles. Support for the six year plan, related to passenger facilities and speed and reliability, is 7% of the program. Expenditures on projects with partners are 9% largely due to three pass-through grant arrangements which total more than \$10 million over the period of the CIP.

The Transit Division has implemented quantitative processes that allow for the systematic replacement/upgrade of facilities, vehicles, equipment and systems that support the operation of the transit system. Replacement costs are included in the Public Transportation CIP. Revenue generated by the sale of surplus property is used to fund the capital program. The processes are briefly discussed below:

Revenue vehicles: This category includes buses, vanpool vans and Para transit vehicles. Industry standards and federal requirements for vehicle lives are the primary drivers of when revenue vehicles are replaced. Exceptions are considered only in the event that the costs of operating a

particular fleet have increased to the point that replacement is more cost effective. Funding for replacement is provided in the capital program. The Revenue Fleet Replacement Fund is used to collect funds for future replacement.

Facilities and equipment: This category includes all transit-owned operating facilities, park & ride lots where Transit is responsible for the operation & maintenance, the overhead trolley system and equipment. The Transit Asset Management Program (TAMP) is designed to “*Preserve existing King County Transit plant and equipment to accomplish the purpose(s) for which they were constructed or purchased. Replacement equipment and/or infrastructure as indicated by the facilities and equipment assessment, inspections, maintenance, reporting, and other criteria...*” A multi-year projection of work is maintained by the Power & Facilities section. Annual budget decisions are based on information from the Transit Facilities Condition Report prepared by Design and Construction.

Non-Revenue Vehicles: This category includes all motorized vehicles used by the Transit Division that are not used in revenue service. King County adopted guidelines for vehicle replacements are used to manage this fleet. Guidelines include both age and use variables. The Vehicle Maintenance staff maintains replacement schedules that reflect current status of vehicles relative to the replacement criteria.

Personal Computers and Peripherals: This category includes all personal computers, printers, scanners, etc. used by the Transit Division. Currently a useful life of 4 years is assumed for this equipment. Exceptions are considered only in circumstances where business needs cannot be met with existing equipment – necessitating early replacement. The current industry practices of planned obsolescence of equipment and software make managing the replacement of this equipment more challenging.

Information Systems: This category includes all ‘mission critical’ systems used by the Transit Division. Individual systems are evaluated to determine when replacement is recommended. While Transit enjoys the benefits of operating vendor supported versions of software packages, this does result in periodic changes to transit systems.

Budget Authority Combined with Carryover Budget

The budget authority requested for 2007 totals \$69.4 million, including the disappropriation of funds for some projects. The requested budget authority is incremental to the sum of the 2005 carry forward, 2006 adopted budgets and 2006 supplemental requests (either approved or being considered for approval), bringing the total budget authority to \$355.1 million. Appropriation requests for each project have been reviewed and reflect amounts to either be spent or committed on projects during 2007. By the end of 2007, budget authority associated with future commitments (amount unspent) will total \$123 million. The majority of this represents contractual commitments for the following multi-year projects that are projected to be in place by year-end: Central/Atlantic expansion, TAMP, Radio AVL Replacement, Regional Fare Coordination and On Board Systems.

A spending plan or cash flow is included for each project. These plans show the pattern of spending on the project. In many instances the timing of the budget authority and the cash flow differ. For each project a budget request form is included which shows the adjustments made to the cash flow for the project to arrive at the budget request. In some cases, adjustments are made when the spending or cash flow is different than that appropriated by phase. These adjustments are also shown on the budget request forms.

Project Request and Cash Flow

Every project that is included in the CIP is presented in this document with a cash flow projection (spending plan) that outlines the costs by phase for each year of the financial planning period. The cash flow projection also includes the revenue assumptions for the project, a comparison to the current projection, and a detailed breakdown of the expenditures to be incurred in 2007. In addition, for all new projects and projects that are not completed in 2006, a project request form is included. The project request form provides a description of the proposed project and the problem or issue being addressed. The form also includes information about schedule, scope, revenue, accomplishments and ongoing operating costs.

Growth Management Act and King County Comprehensive Plan Issues

The Growth Management Act requires that transportation, including transit service, be consistent with urban and rural land use plans. The transportation system as a whole is required to maintain level-of-service standards concurrent with the timing of land use developments. Concurrency requires that new development meet adopted transportation levels of service and those transportation improvements, strategies, or actions are available “concurrent” with new development. In general, transit service is concurrent with new development, because the presence of transit service may reduce the need for road improvements normally required to achieve concurrency.

King County’s adopted Six-Year Transit Development Plan for 2002-2007 builds upon an earlier plan and implements the transit service strategies and outlines the capital projects necessary to support the service plan. The 6YP represents the first phase of implementing the transit strategies of the King County Comprehensive Plan, which covers the next 20 years. The current Capital Improvement Program goes beyond the time horizon of the adopted six year plan to 2012.

Financial Planning and Policy Overview

One fourth of the total sales tax collected for King County Metro Transit (.2% of the .8%) is assigned to the capital program. The current forecast for sales tax collections in King County is better than what was in the 2006 adopted budget, reflecting a rebound in the local economy.

While State grant projections have diminished substantially as a result of I695, Federal grant projections have remained robust. The 2005 reauthorization of the Transportation Equity Act of 2001 has resulted in a projected \$12 million annual increase in federal funds. However, federal grants have the potential to be quite volatile and could have a substantial impact to the proposed CIP. In addition to the uncertainties about the amount of federal funding that is available, actual grant awards are subject to a regional approval process. Federal budget decisions as well as future regional grant competitions may adversely impact current assumptions. The fact that major fleet replacements won’t occur until 2010 also affects the timing of capital grants. In order to capture grant funding as soon as possible, a larger proportion of capital grant awards each year will be taken as preventative maintenance and used to fund the Revenue Fleet Replacement Fund. This change allows Transit to capture grant funds that otherwise would have remained with the Federal Government until the time that fleet replacements occur. Preserving these funds in the Revenue Fleet Replacement Fund ensures that future fleet replacements are adequately funded.

Contributions from the Revenue Fleet Replacement Fund (RFRF) are made to the CIP in years when fleet is purchased. The target contribution to the CIP is equal to the non-grant funded portion of the fleet cost. The RFRF fund balance requirements are based on annual projections of

future fleet procurements and projected grant funding. The RFRF is primarily funded with a combination of sales tax and Federal 'preventative maintenance' grants. As a result of the change discussed in the paragraph above, the balances in the RFRF will grow each year until the fleet replacements begin in 2010.

Historically, the operating program has contributed to the capital fund. Beginning in 2003, the capital fund began to make significant ongoing contributions to the operating program. During the time period of this CIP, the amount being contributed changes annually and ranges from \$72.2 million in 2006 to \$52.8 million in 2011. These contributions reduce the amount available for use on capital projects.

This financial plan assumes the issuance of \$21.5 million in additional long-term debt. During 2004, \$50 million in debt was issued. During the current planning period only the Central/Atlantic Base Expansion project will meet the financial policy criteria and be eligible for long term debt financing. Based on current financial policies, long-term debt can only be issued for projects that have a life of 25 years or more.

In addition, the 2007 financial plan assumes short-term borrowing from the RFRF to support the cash flow requirements of the CIP. The RFRF is repaid for these amounts during the period of the financial plan enabling the RFRF to have adequate fund balances in place to support fleet replacements.

The 2007 financial plan assumes that under-expenditures will occur each year from 2006 through 2012. In estimating the amount of under-expenditure, it is assumed that fleet procurements will occur as scheduled and that both grant and debt funded expenditures will also occur as scheduled. Fleet procurements have consistently occurred close to schedule. Lower expenditures in grant and debt funded projects would essentially result in an equal reduction in revenue for no net impact to the fund balance. Underexpenditures are expected to reduce the overall level of projected spending by \$6.8 million by 2012.

At the end of 2010, the CIP fund balance is less than \$542,000. This is the low point in the 2006-2012 timeframe. These fund balances indicate that additional project costs or lower than anticipated revenue will need to be offset by deleting currently programmed projects or identifying additional revenue.

Council Adopted Budget

A00097 – On-Board Systems Replacement – (\$239,320)

A00320 – Regional Fare Coordination – (\$900,000)

SECTION 119. CAPITAL IMPROVEMENT PROGRAM

ER2 EXPENDITURE RESTRICTION:

Of this appropriation, \$2,500,000 shall be expended solely for interior electronic bus signs for the On-Board Systems Replacement CIP Project AA00097.

ER3 EXPENDITURE RESTRICTION:

Of the appropriation for CIP Project A000480, 60-Foot Trolley Buses (BRED Conversion), \$425,000 shall not be expended unless authorized by the council by

ordinance following receipt of the report on the schedule and funding of expansion of the bus shelter program CIP Project A00205, Bus Zone Safety and Access.

P4 PROVIDED FURTHER THAT:

Upon receipt of consultant quality assurance reports related to the On-Board Systems (Transit CIP Project A00097), Radio/AVL Replacement (Transit CIP Project A00453) and Regional Fare Coordination (Transit CIP Project A00320) projects, the executive shall immediately submit the reports to the council.

The reports required by this proviso must be filed in the form of 12 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and the lead staff of the labor operations and technology committee and the transportation committee, or their successors.

P5 PROVIDED FURTHER THAT:

Of this appropriation, \$938,578 shall be expended only on a digital video system CIP Project A00505, Transit Security Enhancements, and only after the executive certifies by letter to the council that a business case has been reviewed and approved by the project review board and a vendor contract has been executed that includes performance guarantees.

P6 PROVIDED FURTHER THAT:

Of the appropriation for CIP Project A000205, Bus Zone Safety and Access, \$850,000 shall be expended solely for the bus shelter program.

The executive shall submit a report on the bus shelter program expansion by February 15, 2007. The report shall detail the transit division's plans to address the backlog of shelter-qualifying bus zones by increasing the rate of new shelter installations to at least one hundred per year. The report shall provide a breakdown of the work elements necessary to increase the rate of new shelter installations and provide justification for any additional employees necessary to perform the work.

The executive shall also submit a report on the bus shelter policy options by April 1, 2007. The report shall also identify a prioritization options, including one that coordinates shelter installations with service investments in the Transit Now high rider ship network of bus routes. Further, the report shall identify and analyze options for leveraging funding for expansion of the bus shelter construction. These options shall include, but not be limited to, partnerships with local jurisdictions, private businesses, advertisers and nonprofit groups.

Also, of the appropriation for CIP Project A000205, Bus Zone Safety and Access, no funds shall be expended on the project to replace passenger facilities signage unless authorized by the council by ordinance following receipt of the report on the bus shelter program expansion.

The reports and proposed ordinance required to be submitted by this expenditure restriction must be filed in the form of 12 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff for the transportation committee and regional transit committee, or their successors.

CIP Program Accomplishments and Completion Lists

Projects Completed in 2006

A00010 ADA Mobile Data Terminals
A00331 ADA Broker Equipment
A00571 ADA System Enhancements
A00525 IBIS upgrade
A00055 Automated Passenger Counters
A00515 Ryerson Bus Base Parking Improvements
A00516 Power Distribution Headquarters
A00051 Seattle Core Transit Priority
A00052 Highway 99S Transit Priority
A00455 Service Quality Information System
A00524 Rideshare Technology

Projects to be Completed in 2007

A00113 25 Foot Transit Vans
A00541 Tunnel Mods, Enhancements and Retrofit
A00582 South Lake Union Streetcar Startup
A00532 Communications Center Relocation
A00488 Issaquah Highlands Park & Ride
A00565 Burien Transit Center
A00569 Greenlake Park and Ride Improvements
A00574 Redmond Transit Center
A00575 First Hill Park & Ride
A00585 Museum of Flight, pass thru grant
A00593 Highline Community College Transit Facility
A00523 Speed and Reliability Tunnel Closure
A00326 BOSS Replacement